



## ASX Release

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### Letter of Demand from PrIME and Manukan re A-Bio Debt Repayment

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Memphasys advises that it has received a Letter of Demand issued by lawyers acting on behalf of PrIME Biologics ("PrIME") and Pulau Manukan Ventures Labuan Ltd ("Manukan"). Manukan is the key investor in PrIME. The Letter of Demand, dated 9 September 2016, demands that Memphasys repay within 7 days the debt that was paid in full by PrIME to the third party, A-Bio Pharma Pte Ltd ("A-Bio"), plus legal costs and interest charges.

PrIME was spun out of Memphasys in June 2014 for the purpose of using the technology developed by Memphasys in the field of plasma fractionation. PrIME has had substantial external investment since June 2014, principally from Manukan. The investors received Series A preference shares which have voting control. Memphasys is a passive investor and currently holds 95,912 B class non-voting shares in PrIME.

In order to obtain the B class shares in 2014, Memphasys agreed to take over a third party debt to A-Bio on the GMP production facility in Singapore that PrIME is using.

Memphasys did not pay the third party debt which was due to be paid to A-Bio at the end of March 2016. Initially A-Bio sought payment from Memphasys but subsequently sought payment from PrIME. PrIME paid that debt, S\$4,821,623.14, on 31 August 2016 and has now issued a Letter of Demand to Memphasys. The demand is for Memphasys to pay the principal amount of S\$4,821,623.14, default interest of 8% per annum plus legal fees and costs incurred in settlement of the debt with A-Bio, of S\$120,692.73.

The debt payment to A-Bio is guaranteed by PrIME and the Memphasys' B shares in PrIME are held as security for the payment. There are complex agreements around the debt repayment and this is one area in which Memphasys is in litigation against PrIME and Manukan. Memphasys has a separate litigation against PrIME in respect of the ownership of the GF100 machine, a key part of the cGMP accreditation process for PrIME. PrIME is now claiming to own this machine.

Memphasys has received comprehensive legal advice about its position in relation to the A-Bio debt repayment by PrIME. Whilst it cannot divulge the specific advice, it can report that the value of the B class shares well exceeds the total debt payment that has been demanded. It is continuing to negotiate with Manukan on a settlement of both legal actions but timing and outcome is currently uncertain.

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#### About Memphasys:

Memphasys Limited (**ASX: MEM**) specialises in biological separations for commercial applications. The Company's patented membrane processes enable the selection of high value substances or contaminants from the fluid in which they are contained by applying an electrical field (electrophoresis) to a sample of the fluid that is contained between our "restriction" membranes and flows through another membrane for separation.

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